

Message Text

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ORIGIN SS-25

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DRAFTED BY ARA:NC:TWSONANDRES

APPROVED BY ARA - MR. LUERS

ARA:ECP - MR. O'MAHONEY

EB/OFD/OIA - MR. CONSTABLE (INFO)

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SEC - MR. TOWNSEND (PHONE)

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R 040158Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

C O N F I D E N T I A L STATE 052224

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EXDIS

E.O. 11652: GDS

TAGS: BBAK, VE, US

SUBJECT: SECURITY AND EXCHANGE COMMISSION (SEC)

INVESTIGATION -- FOREMOST-MCKESSON

1. SEC IS BEGINNING AN INVESTIGATION INTO POSSIBLE BRIBES OR OTHER ILLEGAL ACTIVITIES INVOLVING U.S. FIRM FOREMOST-MCKESSON AND ITS SUBSIDIARIES, INCLUDING A VENEZUELAN DRUG WHOLESALER NAMED LABORATORIOS KELLOX CA AND ANOTHER VENEZUELAN SUBSIDIARY OF UNKNOWN NAME WHICH IMPORTS AND SELLS DEHYDRATED MILK PRODUCTS LOCALLY. (FYI: SEC BELIEVES KELLOX IS TEN PERCENT OWNED BY SOME VENEZUELAN LEGISLATOR). ONE ISSUE IN QUESTION IS WHETHER OR NOT PROFITS FROM VENEZUELAN SUBSIDIARIES ARE CORRECTLY REPORTED BY PARENT FIRM. SEC SEEKS CERTAIN PRELIMINARY INFORMATION

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FROM DEPARTMENT (SEE BELOW), BUT CAUTIONS THAT THIS

INVESTIGATION IS VERY SENSITIVE AND, AT THE MOMENT,
STRICTLY QUOTE IN HOUSE UNQUOTE.

2. ACTION REQUESTED: APPRECIATE BACKGROUND INFORMATION
(E.G., COMPANY OFFICES, FINANCIAL DATA AVAILABLE, NATURE
OF OPERATIONS, ETC.) FOR SEC ON KELLOX CA AND OTHER
FOREMOST-MCKESSON SUBSIDIARIES IN VENEZUELA AS WELL AS ANY
INFORMATION EMBASSY MAY NOW HAVE ON ALLEGED UNREPORTED
PROFITS OR OTHER ILLEGAL BUSINESS ACTIVITIES INVOLVING

THESE SUBSIDIARIES OR PARENT COMPANY. EMBASSY IS TO
TREAT REQUEST CONFIDENTIALLY AND IS NOT REPEAT NOT TO
INQUIRE OF NON-USG SOURCES. KISSINGER

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